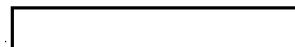


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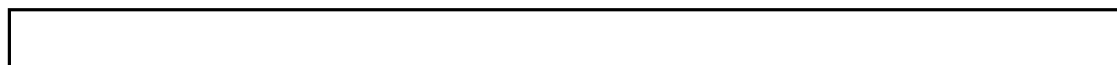
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CENTRAL INTELLIGENCE BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

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II. THE COMMUNIST BLOC

*USSR: Khrushchev used a New Year's eve reception at the Kremlin to end any speculation that a US apology for the U-2 incident remained a precondition to top-level negotiations with the new US administration by stating his willingness to drop UN debate on the matter. Although he avoided any specific reference to the RB-47 incident, other Soviet officials, who had indicated privately that the U-2 item would be withdrawn, have also hinted that the two RB-47 crew members might be released. The USSR's New Year's greetings to Western leaders were cordial in tone and stressed the prospects for settling international issues--disarmament and the German question--during 1961. Among other recipients of greetings from Khrushchev were Souvanna Phouma of Laos and Lumumba of the Congo, both addressed as "premier."

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III. ASIA-AFRICA

*Nationalist China: The commanding general on Chinmen issued orders on 30 December for Nationalist artillery to fire warning shots across the bows of all British ships entering Amoy and to fire at the ships themselves if they fail to heed the warning. The Nationalists reportedly decided on this action because the British have not been giving prior notice of recent ship sailings for Amoy--now averaging one per week. Taipei has not attempted to enforce the port closure in the last three years, except for one occasion--on 25 September 1959, when an artillery battery fired and hit the British ship Tai-chungshan as it was entering Amoy harbor.

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*Mali: (Small arms and ammunition [redacted])

[redacted] have been transshipped by truck from Guinea to Mali at regular intervals last month. The arms, which probably are from stocks given Guinea in 1959 by Czechoslovakia, are believed intended for distribution to internal security forces and for stockpiling. Acquisition of bloc arms in this way, reportedly arranged during the early December meeting between top Malian and Guinean leaders, reflects the growing influence of the pro-Guinea extremist faction in Mali's single-party regime.

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*Congo: Mobutu's unsuccessful attempt to move his troops into Kivu Province on 1 January may influence him to defer any further such efforts for the present. On 30 December, similar moves had been reported about to be undertaken from points in Equateur Province into neighboring Orientale Province, now controlled by Lumumba's deputy Gizenga. Reports [redacted]

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[redacted] indicate a general breakdown of the government there, with European settlers terrorized by undisciplined troops. These troops were convinced by agitators from Stanleyville that the Congo will return to colonial status if Lumumba is not released. Meanwhile, Hammarskjold's sharp rebuke of Belgium on 2 January for allowing Mobutu's Kivu-bound troops to land in the UN trust territory of Ruanda-Urundi will probably encourage Lumumba's supporters abroad to press for additional curbs on the Mobutu regime.

Reports that clearance has been requested for seven IL-14 aircraft to land at Khartoum en route to Stanleyville suggest a

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possible early attempt by Soviet bloc or other pro-Lumumba elements to buttress Gizenga's regime. Sudan's foreign minister repeated on 31 December, however, earlier Sudanese assurances that no such clearances would be granted.

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Algeria-France: (Rightist opponents of De Gaulle in

Algeria reportedly have definite plans for street demonstrations beginning 4 January. Moslem violence continues nightly in Oran, with Moslems reported ready to mount counterdemonstrations if the rightists go into the street. Possibly reflecting government fear of widespread abstentions in the referendum, De Gaulle appealed in his New Year's Eve message for "vast approval" of his policy and implied he would resign if there were a large number of negative votes or abstentions.

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IV. THE WEST

*East Germany - West Germany: (West Berlin Mayor Brandt has indicated that in the recently concluded interzonal trade talks, the East Germans acceded to all of Bonn's demands and agreed not to implement the restrictions on West German travel to East Berlin which last September had led Bonn to cancel the trade pact. West Germany has not yet informed its allies of the detailed formulation of the new agreement,

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West Germany accepted weaker wording than it originally desired on several points in order to reach agreement. The East Germans were successful in insisting that their concessions would remain in effect only if the strictest secrecy were maintained.

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*El Salvador: The provisional government appears moving to reduce US economic and military assistance. The defense minister told a group of US officials on 28 December that his government

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DAILY BRIEF

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intends to replace US advisers to the National Police with Chileans or Italians or both, terming all US assistance programs "void of beneficial results for El Salvador." These statements, which completely reverse expressions of support for US assistance made by the defense minister within the past three weeks, apparently reflect the influence of the pro-Communists and Castro sympathizers in the government. One US-supported project was abruptly closed by the government on 24 December, and the embassy understands that a second is shortly to be closed.

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Mali Reported Receiving Soviet Bloc Arms From Guinea

[Mali reportedly received a number of truck shipments of small arms and ammunition at regular intervals last month from Guinea, which has only Soviet bloc materiel at its disposal. Since Guinea apparently concluded an arms agreement with the USSR last year, under which major deliveries have already been made, it presumably has available for export the older arms received in 1959 as a gift from Czechoslovakia.]

[the most recent such shipment, consisting of 20 truckloads, arrived at Bamako, Mali's capital, on 26 December from the Guinean town of Kankan, the training headquarters for Guinea's Army and police forces. The arms transferred to Mali are believed intended for distribution to local internal security forces--especially the new paramilitary units now being formed under Mali's leftist Minister of Interior and Defense Madeira Keita--and for stockpiling.] largely ruled out the possibility that the arms might be destined for the Algerian rebels because of the great logistical problems which would be involved.]

[Mali's acquisition of bloc arms in this way, reportedly arranged during the early December meeting between top Guinean and Malian leaders including Madeira Keita, reflects the growing influence of the pro-Guinea extremist faction in Mali's single-party regime. It also will heighten the concern of President Senghor's government in neighboring Senegal, toward which the Bamako regime has displayed intense hostility since Senegal seceded from its former federation with Mali last August. Early Senegalese requests to the US and France for additional arms can probably be anticipated.]

[redacted]

[redacted]

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 Demonstrations by Both Rightists and Moslems in Algeria
 Likely During Referendum Period

[European rightists opposed to President de Gaulle's Algerian policy reportedly plan demonstrations in Algeria beginning on 4 January. Although the exact nature of the disturbances has not been decided, they are to begin with the movement of crowds into the streets. Similar outbreaks by Europeans during De Gaulle's 9-13 December tour of Algeria touched off counterdemonstrations in the Moslem quarter which forced the government to call in army units from the field and resulted in the death of over 120 Moslems. Violence by Moslems against Europeans has continued nightly over the past week in Oran, and three military vehicles were burned in the Algiers casbah on 30 December. Moslem groups are reported ready to counter any further European demonstrations.]

[In his New Year's eve message to the French people, De Gaulle called for "vast approval" of his Algerian policy in the referendum scheduled for 6, 7, and 8 January in Algeria and 8 January in metropolitan France. Possibly reflecting growing government fear of a large number of abstentions, De Gaulle stressed the impetus a large favorable vote would give his policy and implied that if he did not get that "frank and massive" vote, he would withdraw from the scene.]

[Reaction to the campaign in France has been characterized by apparent widespread disinterest, probably reinforced by the holiday season. Trade unions and political parties, except for some extreme rightists, have expended limited effort to influence their memberships. However, two leading French Army generals, Jean Valluy, former commander of NATO forces in Central Europe, and Jean Tousey du Vigier, president of St. Cyr military school, joined retired Marshal Alphonse Juin in openly opposing De Gaulle. Valluy said the French Army has passed from astonishment to bitterness and "is on the brink of despair, perhaps of revolt." Juin was recently removed from his last official position by a government order abolishing the right of marshals to sit on the Higher Armed Forces Council.]

[In Tunis, meanwhile, the Algerian rebel government has again called on Moslems in Algeria to boycott the referendum]

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[REDACTED]

West Germany's Reinstated Interzonal Trade Agreement
With East Germany

[West Berlin's Mayor Brandt has indicated that in the recently concluded negotiations reinstating the trade agreement between East and West Germany as of 1 January, the East Germans made concessions which put Bonn in a strong enough position in West Berlin to allow continuance of trade. The East Germans reportedly agreed not to implement the restrictions on West German travel to East Berlin which led Bonn last September to cancel the trade pact. Existing East German controls over traffic between West Berlin and West Germany are apparently also to be eased somewhat.]

[In return, Bonn has withdrawn its restrictions on West German firms participating in East Germany's annual Leipzig industrial fair next spring. The Western allies will probably also, although such is not part of the agreement, lift their restrictions--imposed as a result of Pankow's harassments of West Berlin--on East German officials traveling to the West. In the course of the talks East Germany gained no added degree of diplomatic recognition and did not seriously try to prevent inclusion of West Berlin in the West German side of the agreement.]

[In both this agreement and the Soviet - West German trade pact, signed on 31 December, the Soviet bloc has avoided inflaming the Berlin situation for the time being, probably to impress the new US administration with its "reasonableness" and to prevent any slowdown in trade with West Germany which might inconvenience Soviet and East German economic plans.]

[Bonn has not yet informed its allies of the detailed formulation of the new agreement, although its chief negotiator has briefed a US official in Berlin on its various provisions.]

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[REDACTED] West Germany accepted weaker wording than it originally desired on several points. Although not to be implemented, the East German decree of 8 September restricting West German travel to East Berlin apparently has not been formally abrogated.]

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{It is not known whether the guard houses erected on the Berlin sector borders to enforce this law are to be dismantled.}

{In view of the highly legalistic bases which both East and West use to justify their present positions in Berlin, the actual scope of the reported concessions may be less than Bonn claims. In addition, the East Germans were apparently successful in insisting that their concessions would remain in effect only if the strictest secrecy were maintained. This provision will enable East Germany to renege on the agreement almost at will, since some publicity is probably unavoidable.}

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El Salvador Reducing US Assistance Program

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El Salvador's provisional government, which contains a considerable number of pro-Communists and Castro sympathizers, is now apparently moving to reduce US economic and military assistance programs. One such project--the National School of Public Administration--was closed by the government on 24 December, and the US Embassy has learned that a second project is scheduled to be shut down shortly.

Defense Minister Col. Castillo Navarrete told a group of US officials on 28 December that the government intends to replace US advisers to the National Police with Chileans or Italians or both. He termed all US assistance programs "void of beneficial results for El Salvador," and maintained that the US' primary interest in Latin America is to ensure a pro-US voting bloc--presumably in the OAS and UN. He added that North Americans are not "attuned" to the Latin American mentality and do not make good advisers, and that aid should be sought from "developed" European countries and, in some instances, other Latin American countries.

These statements, which completely reverse expressions of support Castillo had made within the past three weeks for US assistance programs, may reflect a high-level policy decision by the government.

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These developments coincide with several Communist moves to organize rural workers into a peasant militia, to gain control over the country's electoral machinery, and to place the government's internal security functions under the control of the attorney general--a suspected Communist who has been spearheading a drive to "demilitarize" the National Police. Roberto Carias Delgado, leader of the active Communist front, the April and May Revolutionary party, reportedly said on 21 December before leaving for Cuba that plans are under way to seize the government by exploiting the assistance given his party by the junta.

This increasing Communist activity, under cover of a "democratic" front party, appears to stem from confidence resulting from the confusion and lack of coordination among anti-Communists, both civilian and military.

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